

AMERICANS FOR PROSPERITY FOUNDATION

Advancing every individual's right to economic freedom and opportunity

Peggy Venable Testimony Senate Committee on Transportation & Homeland Security Meeting February 1, 2010

On behalf of Americans for Prosperity Foundation and Texas taxpayers, I am pleased to have been invited to testify today.

I appreciate the challenges facing Texas as we are the most dynamic state in the country, the fastest growing state, and have created more jobs than all other states combined during this recession.

Texans have long been proud of our highways and road systems. The majority of us depend on our cars for transportation, and we would all agree we have some heavily congested roadways.

We at AFP Foundation have concern that some of the proposed solutions to congested roadways is misplaced and reckless.

Today, I want to address three issues:

- Raising the gas tax
- Use of public funds to lobby and advocate
- Diversions of transportation dollars which signify current spending priorities; and
- Our opposition to any additional taxing authority for local governments.

First, I would like to address the issue of raising the gas tax

One gubernatorial candidate recommended gas tax of 8 cents and implementing automatic increases in the gas tax annually from 2012 forward based on increases in the Highway Cost Index. That is the wrong way to go. We had a gas tax surplus in the late 1970's when the legislature proposed the constitutional amendment to divert 25% of the gas tax revenue to education. Let's not do that again. It's time to end the diversions, direct all gas taxes to roads and not consider a gas tax increase until all diversions are ended.

Second, we also see our road dollars being misused when TXDOT and other government entities are using tax dollars to lobby in support of higher taxes.

It has long been a concern that TXDOT has lobbied the legislature and spent our tax dollars to advocate. That is inappropriate use of our tax dollars and we will propose further legislative remedies or sanctions to end that practice.

Also, thanks to the good investigative work of the Lone Star Report, we have learned that transportation lobbyists last session asked local entities as well as public universities to write letters in support of the local option tax. If not illegal, this is an outrageous use of influence and public resources and must not happen again.

Letters from the University of North Texas and from The University of Texas at Arlington are attached, both of which advocate for higher transportation taxes. At a time when parents are struggling to pay ever-increasing tuition taxes, it is particularly inappropriate for university officials to be advocating for higher taxes. It is outrageous to us as a taxpayer group that the lobbyists and the university officials would think this is acceptable.

Third, we recognize that significant transportation dollars are siphoned off for other purposes. If legislators and local government officials agree that transportation is a priority, we should end those diversions – all of the diversions – before we consider any additional taxing authority.

Diversions include the constitutionally-approved gas tax funding which is going to education. The taxpayers approved that diversion when we had more transportation dollars than were needed to build and maintain roads. If that is not the case now, then we should go back to the taxpayers and ask them to end or to begin to decrease our education diversion from gas taxes until the diversion is ended.

Some would argue we don't have the funding to make up the education dollars which are coming from the gas tax, but we believe that truth in taxation would suggest we could and should redirect gas taxes to transportation and begin to fund those education dollars from other sources, if all the funds were deemed necessary.

Finally, we oppose any new taxing authorities for local governments. Local governments have grown four times faster than Texans' paychecks and local government debt has grown five times faster than Texans' ability to pay. We are setting ourselves up for a meltdown if we don't take a closer look at local government growth.

The 63rd legislature in 1973 authorized cities and counties to set up Metropolitan Transit Authorities and provide for a one-cent sales tax dedicated to transportation.

Today, according to the Comptroller's Office, there are " six metropolitan transit authorities (MTAs), two city transit departments (CTDs), one county transit authority (CTA) and one advanced transportation district (ATD) that impose sales and use tax."

Not all have imposed the full cent and not all who have are dedicating that full cent to transportation. (see December 2009 Houston Chronicle Q&A below)

We should not consider additional taxing authority until that which has already been granted is being fully utilized.

Here's a link to the list of transit taxing entities, it includes when each tax was imposed:
<http://www.window.state.tx.us/taxinfo/local/mta.html>

Here's another link that tracks the changes in the transit tax rate in each locality over the years: <http://ecpa.cpa.state.tx.us/taxrates/RateHist.jsp>
some localities which use the

Houston Chronicle Q&A:

Here's an excerpt from an interview with the outgoing Houston Metro chairman in December 2009, wants to get more of the transit sales tax money (link: <http://www.chron.com/disp/story.mpl/metropolitan/6755259.html>):

Q: If Metro needed more money, where could it get more?

A: For Metro to have restored to it the funding that the taxpayers originally voted in 1978, which is the full one-cent sales tax. No other transit authority in the country has its sales tax diverted (by one quarter) to build roads, and this is something I believe should never have happened.

Q: How much more a year would Metro get if it had the full one-cent sales tax, and didn't have to divert 25 percent of that back to its member municipalities for roadwork?

A: Over \$100 million a year.

-In 2003 the Houston Metro Authority launched an "education" campaign concerning a proposed light rail expansion, which was criticized by opponents of being an illegal political advertisement. Link: http://web.archive.org/web/20040315163934/http://www.texansfortruemobility.com/press_news22.shtml<http://www.chron.com/disp/story.mpl/metropolitan/6755259.html>

Finally, we give local taxing entities authority to raise taxes now. They have the property taxes. It is our position that many localities don't set spending priorities, use local dollars on non-priorities, then squeal that they need more transportation dollars.

We will oppose any efforts to raise the gasoline tax, index the tax, or provide additional taxing authority to local governments until the gas tax diversions are ended and all the current transportation taxing authority is used and directed toward transportation.

Who we are: Americans For Prosperity Foundation (AFPF) is a nationwide organization of citizen leaders committed to advancing every individual's right to economic freedom and opportunity. AFPF believes reducing the size and scope of government is the best safeguard to ensuring individual productivity and prosperity for all Americans. AFPF educates and engages citizens in support of restraining state and federal government growth, and returning government to its constitutional limits. Americans for Prosperity educates and mobilizes grassroots citizens.

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Local Sales Tax Rate History

The local sales and use tax rate history shows the current and prior sales tax rates imposed by a local jurisdiction, along with the effective date and end date of each tax. Rate histories for cities who have elected to impose an additional tax for property tax relief, Economic and Industrial Development Section 4A/4B, Sports and Community Venue, Municipal Development, and Street maintenance and Repair also show the effective date, end date, and rate of each tax imposed.

[List of cities](#) who have adopted an additional local sales and use tax.

Transit Sales and Use Tax

There are six metropolitan transit authorities (MTAs), two city transit departments (CTDs), one county transit authority (CTA) and one advanced transportation district (ATD) that impose sales and use tax. These authorities, their appropriate tax rates, and the participating cities and areas in each transit area are shown below.

Austin MTA Sales and Use Tax		
Austin MTA	3227999 (Rate 1%)	Eff: 07/01/85
Austin	Leander	San Leanna
Jonestown	Manor	Volente
Lago Vista	Point Venture	

The unincorporated area of southern Williamson County including Anderson Mill, Jollyville, and Pond Springs.

The unincorporated area of Travis County Commissioner Precinct 2 (north and northwest Travis County).

Corpus Christi MTA Sales and Use Tax		
Corpus Christi MTA	3178998 (Rate 1/2%)	Eff: 01/01/86
Agua Dulce	Driscoll	Robstown
Bishop	Gregory	San Patricio
Corpus Christi	Port Aransas	

The unincorporated areas of Nueces County.

Dallas MTA Sales and Use Tax		
Dallas MTA	3057994 (Rate 1%)	Eff: 01/01/84
Addison	Garland	Plano
Carrollton	Glenn Heights	Richardson
Cockrell Hill	Highland Park	Rowlett
Dallas	Irving	University Park

Farmers Branch

Denton County CTA Sales and Use Tax		
Denton County CTA	3061774 (Rate 1/2%)	Eff: 01/01/04

Denton County CTA Sales and Use Tax

Denton County CTA **3061774 (Rate 1/2%)** **Eff: 01/01/04**
Denton Highland Village Lewisville

El Paso CTD Sales and Use Tax

El Paso CTD **3071889 (Rate 1/2%)** **Eff: 04/01/88**
The City of El Paso only.

Fort Worth MTA Sales and Use Tax

Fort Worth MTA **3220996 (Rate 1/2%)** **Eff: 04/01/84**
Blue Mound Fort Worth Richland Hills

Houston MTA Sales and Use Tax

Houston MTA **3101990 (Rate 1%)** **Eff: 10/01/78**
Bellaire Houston Piney Point Village
Bunker Hill Village Humble Southside Place
El Lago Hunters Creek Village Spring Valley
Hedwig Village Katy Taylor Lake Village
Hilshire Village Missouri City West University Place

The unincorporated areas of southwest and northwest Harris County including Bammel, Cypress, Hockley, Hufsmith, Klein, Satsuma, Westfield, and the portion of Spring that is within Harris County.

Laredo CTD Sales and Use Tax

Laredo CTD **3240885 (Rate 1/4%)** **Eff: 07/01/91**
The City of Laredo only.

San Antonio ATD Sales and Use Tax

San Antonio ATD **3015664 (Rate 1/4%)** **Eff: 04/01/05**
The City of San Antonio only.

San Antonio MTA Sales and Use Tax

San Antonio MTA **3015995 (Rate 1/2%)** **Eff: 01/01/78**
Alamo Heights Elmendorf San Antonio
Balcones Heights Kirby Shavano Park
Castle Hills Leon Valley Terrell Hills
China Grove Olmos Park
Converse Saint Hedwig

The unincorporated areas of Bexar County.

The city of Fair Oaks Ranch withdrew from the San Antonio MTA effective September 30, 2008.

The city of Von Ormy withdrew from the San Antonio MTA effective September 30, 2009.